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DPD-1720-59
Copy 7 of 7

13 March 1959

MEMORANDUM FOR: Comptroller DPD

SUBJECT : Status of Contract BC-450, Hycon Manufacturing Company

REFERENCES : A. DPD-0806-59 dated 5 February 1959
Subject: "Trip Report, [redacted] 25X1A

B. DPD-1050-59 dated 11 February 1959
Subject: "Trip Report, [redacted] 25X1A

C. DPD-1326-59 dated 25 February 1959
Subject: "Comments on Trip Report, [redacted] 25X1A

D. DPD-1467-59 dated 11 March 1959
Subject: "Field Trip to Los Angeles, California"

1. You will recall our discussions following the transmission of Reference C wherein you questioned certain costs generated by contract number BC-450. Your misgivings were based upon an apparent discrepancy between the total payments made by you in the amount of [redacted] for CHALICE and the fact that apparently only [redacted] 25X1A of this amount was expended for materiel and travel costs directly applied. You had speculated that the contractor might have been securing his materiel and/or components utilized in the maintenance of our equipment from the Project Supply Depot. 25X1A

2. Prior to the departure of the trip covered by Reference D, I was able to determine from [redacted] of the Contracts Branch, that in fact materiel for the maintenance of our equipment was being drawn from the Project Supply Depot, but under the provisions of a Call Contract HF-CT-696. As I recall, I informed you of this orally and it was your reaction that this made the discrepancy noted above more understandable. 25X1A

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3. I have read with interest Reference B and in particular the portions pertaining to the visit of the team to Hycon on 2 and 3 March 1959. In particular, I would like to know if you are satisfied with the findings discussed in Reference B, as they pertain to Hycon. I assume that if any further action is required on the status of [redacted], you will advise me.

JAMES A. CUNNINGHAM, JR.
Chief, Administrative Branch
Development Projects Division
DD/P

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